

**REPORT OF THE AUDIT OF THE  
BRECKINRIDGE COUNTY  
SHERIFF**

**For the Year Ended  
December 31, 2001**



**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BRECKINRIDGE COUNTY SHERIFF**

**For The Year Ended  
December 31, 2001**

The Auditor of Public Accounts has completed the Breckinridge County Sheriff's audit for the year ended December 31, 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees increased by \$156 from the prior calendar year, resulting in excess fees of \$304 as of December 31, 2001. Revenues increased by \$27,260 from the prior year and disbursements increased by \$27,104.

#### **Debt Obligation:**

The Office of the County Sheriff is committed to a lease agreement for the purchase of four Ford Crown Victoria Cruisers. The agreement requires three annual payments of \$29,932. The total balance of the agreement is \$29,932 as of December 31, 2001.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.



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**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Thomas P. Moorman, Breckinridge County Judge/Executive

Honorable Bobby D. Kennedy, Breckinridge County Sheriff

Members of the Breckinridge County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Breckinridge County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the modified cash basis of accounting.



To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Thomas P. Moorman, County Judge/Executive  
Honorable Bobby D. Kennedy, Breckinridge County Sheriff  
Members of the Breckinridge County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 24, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed –  
July 24, 2002



BRECKINRIDGE COUNTY  
BOBBY D. KENNEDY, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2001

Federal Receipts:

Office of Community Oriented Policing			
Universal Hiring Grant	\$	20,000	
Corps of Engineers - Lake Patrol		<u>19,520</u>	\$ 39,520

State Grant - Kentucky Law Enforcement Foundation			
Program Fund (KLEFPF)			19,874

State Fees For Services			8,546
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Circuit Court Clerk:

Sheriff Security Service	\$	7,942	
Court Ordered Payments		<u>8,054</u>	15,996

Fiscal Court			502
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County Clerk - Delinquent Taxes			1,751
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Commission On Taxes Collected			182,637
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Fees Collected For Services:

Auto Inspections	\$	5,473	
Serving Papers		17,270	
Transporting Prisoners and Juveniles		19,683	
Carrying Concealed Deadly Weapon Permits		<u>5,115</u>	47,541

Other:

10% Add-On Fees	\$	24,828	
Postage		108	
Miscellaneous		<u>8,943</u>	33,879

Interest Earned			2,140
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Borrowed Money:

State Advancement	\$	89,954	
Bank Note		<u>9,000</u>	<u>98,954</u>

Total Receipts			\$ 451,340
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BRECKINRIDGE COUNTY  
BOBBY D. KENNEDY, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
For The Year Ended December 31, 2001  
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$ 163,378
Kentucky Law Enforcement Foundation Program Fund (KLEFPF)	18,600

Employee Benefits-

Employer's Share Social Security	1,551
Employer's Share Retirement	1,274

Materials and Supplies-

Office Materials and Supplies	5,139
Uniforms	4,206

Auto Expense-

Maintenance and Repairs	29,399
Mileage	11,681

Other Charges-

Postage	644
Bond	178
Transporting Prisoners and Juveniles	3,657
Fiscal Court Fees	2,790
Carrying Concealed Deadly Weapon Permits	3,650
Miscellaneous	7,647

Capital Outlay-

Vehicles - Lease	29,932
Vehicles - Purchase	4,575

Debt Service-

State Advancement	89,954
Notes	9,000
Interest	286

Total Disbursements		\$ 387,541
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Net Receipts		\$ 63,799
Less: Sheriff's Statutory Maximum	\$ 61,306	
Sheriff's Training Incentive	2,189	63,495

Excess Fees Due County		\$ 304
Payment to County Treasurer - July 24, 2002		304

Balance Due at Completion of Audit		\$ 0
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The accompanying notes are an integral part of the financial statement.

BRECKINRIDGE COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent for the first six months of the year and the 6.41 percent for the last six months of the year.

BRECKINRIDGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Universal Hiring Grant

The Breckinridge County Sheriff's office received a \$20,000 federal grant during the year ended December 31, 2001 from the United States Justice Department. Grant proceeds are to be used for the hiring of an additional law enforcement officer. All funds received were expended for the intended purpose.

Note 5. Kentucky Law Enforcement Foundation Program Fund (KLEFPF)

The Breckinridge County Sheriff's office was awarded a grant under the Kentucky Law Enforcement Foundation Program Fund (KLEFPF) from the Commonwealth of Kentucky Department of Criminal Justice Training. Under the program, an eligible officer is entitled to receive up to \$3,100 annually as provided in Kentucky Revised Statute 15.460. During the year ended December 31, 2001, the Breckinridge County Sheriff's office received \$19,874 of which \$18,600 was incentive pay and \$1,274 was retirement matching. All funds received were expended for the intended purpose.

Note 6. Drug Eradication Fund

The Breckinridge County Sheriff's office maintains a Drug Eradication Account that is used solely for the purpose of drug enforcement. The balance in this fund at the beginning of the year was \$5,606. Receipts for calendar year 2001 totaled \$1,893 and expenditures totaled \$6,662. The balance at December 31, 2001 was \$837.

BRECKINRIDGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 7. Escrow Fund

The Breckinridge County Sheriff's office maintains a drug forfeiture account in which the proceeds from court orders are deposited. These monies are to be used solely for law enforcement. The balance in this fund at the beginning of the year was \$166. Receipts for the year totaled \$1,005 and expenditures totaled \$936. The balance at December 31, 2001 was \$235.

Note 8. Lease

The Office of the County Sheriff is committed to a lease agreement for the purchase of four (4) Ford Crown Victoria Cruisers. The agreement requires three (3) annual payments of \$29,932. The total balance of the agreement is \$29,932 as of December 31, 2001.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

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Members of the Breckinridge County Fiscal Court

**Report On Compliance And On Internal Control**  
**Over Financial Reporting Based On An Audit Of The Financial**  
**Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the Breckinridge County Sheriff for the year ended December 31, 2001, and have issued our report thereon dated July 24, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Breckinridge County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Breckinridge County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.



Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
July 24, 2002

